

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4344**

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

PART 1

2

LINE-ITEM APPROPRIATIONS

3

Sec. 101. Subject to the conditions set forth in this act, the

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amounts listed in this part are appropriated for the department of

House Bill No. 4344 as amended September 6, 2007

community health for the fiscal year ending September 30, 2008,
from the funds indicated in this part. The following is a summary
of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

<<(1)>> APPROPRIATION SUMMARY:

Full-time equated unclassified positions..... 0

Full-time equated classified positions..... 0

Average population 0

GROSS APPROPRIATION..... \$ <<(100)>>

Interdepartmental grant revenues:

Total interdepartmental grants and intradepartmental

transfers 0

ADJUSTED GROSS APPROPRIATION..... \$ <<(100)>>

Federal revenues:

Total federal revenues..... 0

Special revenue funds:

Total local revenues..... 0

Total private revenues..... 0

Merit award trust fund..... 0

Total other state restricted revenues..... 0

State general fund/general purpose..... \$ <<(100)>>

(2) BUDGETARY SAVINGS

Budgetary savings \$ (100)

GROSS APPROPRIATION..... \$ (100)

Appropriated from:

State general fund/general purpose..... \$ (100)>>

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state

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1 constitution of 1963, total state spending from state resources
2 under part 1 for fiscal year 2007-2008 is <<(\$100.00)>> and state
3 spending
4 from state resources to be paid to local units of government for
5 fiscal year 2007-2008 is \$0.00.

6 Sec. 202. (1) The appropriations authorized under this act are
7 subject to the management and budget act, 1984 PA 431, MCL 18.1101
8 to 18.1594.

9 (2) Funds for which the state is acting as the custodian or
10 agent are not subject to annual appropriation.

11 Sec. 209. (1) Funds appropriated in part 1 shall not be used
12 for the purchase of foreign goods or services, or both, if
13 competitively priced and comparable quality American goods or
14 services, or both, are available.

15 (2) Funds appropriated in part 1 shall not be used for the
16 purchase of out-of-state goods or services, or both, if
17 competitively priced and comparable quality Michigan goods or
18 services, or both, are available.

19 (3) The department shall report quarterly to the senate and
20 house appropriations subcommittees on community health and the
21 senate and house fiscal agencies any purchase of goods or services,
22 or both, valued over \$10,000.00 from out-of-state or foreign-based
23 firms. Each violation of subsection (1) or (2) shall result in a
24 \$50,000.00 reduction in the departmental administration and
25 management line.

26 Sec. 211. (1) If the revenue collected by the department from
27 fees and collections exceeds the amount appropriated in part 1, the
28 revenue may be carried forward with the approval of the state

1 budget director into the subsequent fiscal year. The revenue
2 carried forward under this section shall be used as the first
3 source of funds in the subsequent fiscal year.

4 (2) The department shall provide a report to the senate and
5 house appropriations subcommittees on community health and the
6 senate and house fiscal agencies on the balance of each of the
7 restricted funds administered by the department as of September 30,
8 2008.

9 Sec. 215. (1) The department shall report no later than March
10 1, 2008 on each specific policy change made to implement enacted
11 legislation to the senate and house appropriations subcommittees on
12 community health, the senate and house standing committees on
13 health policy, the chairperson of the joint committee on
14 administrative rules, the senate and house fiscal agencies, and the
15 senate and house policy offices.

16 (2) Funds appropriated in part 1 shall not be used to prepare
17 regulatory plans or promulgate rules that fail to reduce the
18 disproportionate economic impact on small businesses pursuant to
19 section 40 of the administrative procedures act of 1969, 1969 PA
20 306, MCL 24.240.

21 Sec. 248. The department shall allow ambulatory surgery
22 centers in this state to fully participate in the Medicaid program
23 by January 1, 2008. Ambulatory surgery centers that provide
24 services to Medicaid-eligible patients shall be reimbursed in the
25 same manner as hospitals. The reimbursement schedule for ambulatory
26 surgery centers shall be developed and implemented in consultation
27 with the industry and shall be provided to the senate and house

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1 appropriations subcommittees on the department of community health
2 and the senate and house fiscal agencies by November 1, 2007.

3 Sec. 264. (1) Upon submission of a Medicaid waiver, a Medicaid
4 state plan amendment, or a similar proposal to the centers for
5 Medicare and Medicaid services, the department shall notify the
6 house and senate appropriations subcommittees on community health
7 and the house and senate fiscal agencies of the submission.

8 (2) The department is required to report within 15 days after
9 initial contact to the senate and house appropriations
10 subcommittees on community health and the senate and house fiscal
11 agencies of any formal or informal discussions with the centers for
12 Medicare and Medicaid services or the federal department of health
13 and human services regarding the structure of any future Medicaid
14 waiver application.

<<Sec. 269. The amount appropriated in part 1 for medical services
pharmaceutical services includes funds to cover reimbursement of mental
health medications under the Medicaid program. Reimbursement procedures
for mental health medications shall be the same as those that were
followed in fiscal year 2005-2006, and utilization procedures for such
medications shall adhere to section 1625, the department's fiscal year
2006-2007 contract with Medicaid health plans, and section 109h of the
social welfare act, 1939 PA 280, MCL 400.109h.>>

15 Sec. 271. The department shall provide the senate and house
16 appropriations subcommittees on community health and the senate and
17 house fiscal agencies information on any contracts that will expire
18 in fiscal year 2007-2008. This report shall be provided by March 1,
19 2008.

20 Sec. 272. (1) The department shall establish a committee
21 composed of members of each house of the legislature and
22 representatives of the department of community health. The
23 committee shall identify necessary modifications in current law,
24 payment methodology, and department policy that will permit greater
25 consolidation of local provision of necessary medical supports and
26 services. This committee shall specifically address all of the
27 following:

1 (a) Program changes to encourage greater consolidation of
2 local public health departments into district health departments.

3 (b) Program changes to encourage greater consolidation of
4 CMHSPs across communities.

5 (c) Program changes to encourage greater incorporation between
6 substance abuse coordinating agencies into local CMHSPs.

7 (d) Program changes to encourage greater consolidation of area
8 agencies on aging across communities.

9 (2) The department shall ensure that all of the following
10 organizations participate in relevant discussions:

11 (a) The Michigan association of community mental health
12 boards.

13 (b) The Michigan association of local public health.

14 (c) The Michigan association of substance abuse coordinating
15 agencies.

16 (d) The area agencies on aging association of Michigan.

17 (3) The committee established under subsection (1) shall
18 provide a draft report on initial findings by March 1, 2008 to the
19 senate and house appropriations subcommittees on community health,
20 the senate and house committees on health policy, the senate and
21 house fiscal agencies, and the state budget director. The report
22 shall detail concepts discussed by the committee and any
23 recommended changes in state law or appropriations to bring about
24 greater consolidation of these services.

25 (4) It is the intent of the legislature to mandate
26 consolidation in the provision of local mental health and substance
27 abuse, local public health, and services to the aging in some

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1 fashion by January 1, 2009.

2 Sec. 273. The department shall provide a report to the senate
3 and house appropriations subcommittees on community health and the
4 senate and house fiscal agencies on every program that receives
5 more than \$0.00 in healthy Michigan funds. The report shall provide
6 detail regarding all of the following:

7 (a) A summary of organizations receiving these funds.

8 (b) Measures of the effectiveness of these programs in
9 improving the health of Michigan residents.

10 Sec. 275. From the funds appropriated in part 1, the following
11 amounts are allocated:

12 (a) <<\$100.00>> for a reverse 9-1-1 program in a community hosting
13 a mental health facility.

14 (b) <<\$100.00>> for the greater Flint health coalition.

15 (c) <<\$100.00>> for a vision services program.

16 (d) <<\$100.00>> for efforts to combat the spread of animal-borne
17 illnesses.

18 (e) <<\$100.00>> for the HealthKey program for the uninsured.

19 (f) <<\$100.00>> for multicultural educational and cultural
20 facilities.

21 Sec. 276. Funds appropriated in part 1 shall not be used by a
22 principal executive department, state agency, or authority to hire
23 a person to provide legal services that are the responsibility of
24 the attorney general.

25 Sec. 281. From the funds appropriated in part 1, the
26 department shall implement continuous improvement efficiency
27 mechanisms in the programs administered by the department. The

1 continuous improvement efficiency mechanisms shall identify changes
2 made in programs to increase efficiency and reduce expenditures in
3 the programs. On March 31, 2008 and September 30, 2008, the
4 department shall report to the state budget director, the senate
5 and house appropriations subcommittees, and the senate and house
6 fiscal agencies on the progress made toward increased efficiencies
7 in departmental programs. At a minimum, each report shall include
8 information on the program review process, the type of improvement
9 mechanisms implemented, and actual and projected expenditure
10 savings as a result of the increased program efficiencies.

11 Sec. 351. (1) From the funds appropriated in part 1 for the
12 methamphetamine cleanup fund, the department shall allow local
13 governments to apply for money to cover their administrative costs
14 associated with the methamphetamine cleanup efforts. The funds
15 allocated to local governments for the administrative cost
16 associated with methamphetamine cleanup efforts shall not exceed
17 \$800.00 per property.

18 (2) The department shall work with the Michigan association of
19 counties to ensure that counties are aware that the funds
20 appropriated in part 1 for methamphetamine cleanup activities are
21 available.

22 Sec. 401. Funds appropriated in part 1 are intended to support
23 a system of comprehensive community mental health services under
24 the full authority and responsibility of local CMHSPs or specialty
25 prepaid health plans. The department shall ensure that each CMHSP
26 or specialty prepaid health plan provides all of the following:

27 (a) A system of single entry and single exit.

1 (b) A complete array of mental health services including, but
2 not limited to, all of the following services:

3 (i) Residential and other individualized living arrangements.

4 (ii) Outpatient services.

5 (iii) Acute inpatient services.

6 (iv) Long-term, 24-hour inpatient care in a structured, secure
7 environment.

8 (c) The coordination of inpatient and outpatient hospital
9 services through agreements with state-operated psychiatric
10 hospitals, units, and centers in facilities owned or leased by the
11 state, and privately owned hospitals, units, and centers licensed
12 by the state pursuant to sections 134 to 149b of the mental health
13 code, 1974 PA 258, MCL 330.1134 to 330.1149b.

14 (d) Individualized plans of service that are sufficient to
15 meet the needs of individuals, including those discharged from
16 psychiatric hospitals or centers, and that ensure a full range of
17 recipient needs is addressed through the CMHSPs or specialty
18 prepaid health plan's program or through assistance with locating
19 and obtaining services to meet these needs.

20 (e) A system of case or care management to monitor and ensure
21 the provision of services consistent with the individualized plan
22 of services and supports.

23 (f) A system of continuous quality improvement.

24 (g) A system to monitor and evaluate the mental health
25 services provided.

26 (h) A system that serves at-risk and delinquent youth as
27 required under the mental health code, 1974 PA 258, MCL 330.1001 to

1 330.2106.

2 Sec. 403. (1) From the funds appropriated in part 1 for
3 multicultural services, the department shall ensure that CMHSPs or
4 specialty prepaid health plans meet with multicultural service
5 providers to develop a workable framework for contracting service
6 delivery and reimbursements.

7 (2) The department shall ensure that multicultural service
8 providers confirm that recipients of services funded through the
9 multicultural services line meet the citizenship documentation
10 standards established for Medicaid eligibility.

11 Sec. 404. (1) Not later than May 31 of each fiscal year, the
12 department shall provide a report on the community mental health
13 services programs to the members of the house and senate
14 appropriations subcommittees on community health, the house and
15 senate fiscal agencies, and the state budget director that includes
16 the information required by this section.

17 (2) The report shall contain information for each CMHSP or
18 specialty prepaid health plan and a statewide summary, each of
19 which shall include at least all of the following information:

20 (a) A demographic description of service recipients that, at a
21 minimum, includes reimbursement eligibility, client population,
22 age, ethnicity, housing arrangements, and diagnosis.

23 (b) Per capita expenditures by client population group.

24 (c) Financial information that, at a minimum, includes a
25 description of funding authorized; expenditures by client group and
26 fund source; and cost information by service category, including
27 administration. Service category shall include all department-

1 approved services.

2 (d) Data describing service outcomes including, but not
3 limited to, an evaluation of consumer satisfaction, consumer
4 choice, and quality of life concerns including, but not limited to,
5 housing and employment.

6 (e) Information about access to community mental health
7 services programs including, but not limited to, all of the
8 following:

9 (i) The number of people receiving requested services.

10 (ii) The number of people who requested services but did not
11 receive services.

12 (iii) The average length of time people who requested services
13 but did not receive services have been waiting to receive services,
14 listed separately for each service provided.

15 (f) The number of second opinions requested under the mental
16 health code, 1974 PA 258, MCL 330.1001 to 330.2106, and the
17 determination of any appeals.

18 (g) An analysis of information provided by community mental
19 health service programs in response to the needs assessment
20 requirements of the mental health code, 1974 PA 258, MCL 330.1001
21 to 330.2106, including information about the number of persons in
22 the service delivery system who have requested and are clinically
23 appropriate for different services.

24 (h) Lapses and carryforwards during fiscal year 2006-2007 for
25 CMHSPs or specialty prepaid health plans.

26 (i) Information about contracts for mental health services
27 entered into by CMHSPs or specialty prepaid health plans with

1 providers, including, but not limited to, all of the following:

2 (i) The amount of the contract, organized by type of service
3 provided.

4 (ii) Payment rates, organized by the type of service provided.

5 (iii) Administrative costs for services provided to CMHSPs or
6 specialty prepaid health plans.

7 (j) Information on the community mental health Medicaid
8 managed care program, including, but not limited to, both of the
9 following:

10 (i) Expenditures by each CMHSP or specialty prepaid health plan
11 organized by Medicaid eligibility group, including per eligible
12 individual expenditure averages.

13 (ii) Performance indicator information required to be submitted
14 to the department in the contracts with CMHSPs or specialty prepaid
15 health plans.

16 (k) An estimate of the number of FTEs employed by each CMHSP
17 and specialty prepaid health plan as of September 30, 2007 and an
18 estimate of the number of FTEs employed through contracts with
19 provider organizations as of September 30, 2007.

20 (l) Data on the number of pharmaceutical prescriptions written
21 by CMHSP and specialty prepaid health plan employees or contractors
22 on behalf of CMHSP and specialty prepaid health plan clients,
23 broken down into the following categories:

24 (i) Client population group.

25 (ii) Class of medication.

26 (iii) Number of prescriptions per client during the fiscal year.

27 (3) The department shall include data reporting requirements

1 prescribed under subsection (2) in the annual contract with each
2 individual CMHSP or specialty prepaid health plan.

3 (4) The department shall take all reasonable actions to ensure
4 that the data required under this section are complete and
5 consistent among all CMHSPs and specialty prepaid health plans.

6 Sec. 423. (1) The department shall work cooperatively with the
7 departments of human services, corrections, education, state
8 police, and military and veterans affairs to coordinate and improve
9 the delivery of substance abuse prevention, education, and
10 treatment programs within existing appropriations.

11 (2) The department shall establish a workgroup composed of
12 representatives of the department; the departments of human
13 services, corrections, education, state police, and military and
14 veterans affairs; coordinating agencies; CMHSPs; and any other
15 persons considered appropriate to examine and review the source and
16 expenditure of all public and private funds made available for
17 substance abuse programs and services. The workgroup shall develop
18 and recommend cost-effective measures for the expenditure of funds
19 and delivery of substance abuse programs and services. The
20 department shall submit the findings of the workgroup to the house
21 and senate appropriations subcommittees on community health, the
22 house and senate fiscal agencies, and the state budget director by
23 May 31, 2008.

24 (3) It is the intent of the legislature to reduce the drug
25 control policy line by \$10,000.00 general fund if this report is
26 not provided by the date provided in this section.

27 Sec. 425. (1) The department, in conjunction with efforts to

1 implement the MPRI, shall cooperate with the department of
2 corrections to share data and information as they relate to
3 prisoners being released who are HIV positive or positive for the
4 Hepatitis C antibody, or both. By April 1, 2008, the department
5 shall report to the senate and house appropriations subcommittees
6 on community health, the senate and house fiscal agencies, and the
7 state budget director on all of the following:

8 (a) The progress and results of its work with the department
9 of corrections.

10 (b) The potential outcomes from its work with the department
11 of corrections.

12 (c) Programs and the location of programs implemented as a
13 result of the work under this section.

14 (d) The programs' potential impact on the state budget.

15 (e) The number of prisoners released to the community by
16 parole, discharge on the maximum sentence, or transfer to community
17 residential placement who are HIV positive, positive for the
18 Hepatitis C antibody, or both.

19 (f) The number of offenders successfully referred to the local
20 public health department, by county, and number of parolees
21 participating in treatment for Hepatitis C, HIV, or both, after 6
22 months in the community, by county.

23 (2) If funds become available through an intergovernmental
24 transfer from the department of corrections, the department shall
25 participate in testing of prisoners for HIV and the Hepatitis C
26 antibody.

27 Sec. 426. The department shall cooperate with the department

1 of corrections in providing information for and developing a
2 report. The report shall, by April 1, 2008, provide the following
3 data concerning mental health and substance abuse services during
4 fiscal year 2006-2007:

5 (a) The number of prisoners receiving substance abuse
6 services, including a description and breakdown of the type of
7 substance abuse services provided to prisoners, by major offense
8 type.

9 (b) The number of prisoners with a primary diagnosis of mental
10 illness and the number of those prisoners receiving mental health
11 services, including a description and breakdown, encompassing, at a
12 minimum, the categories of inpatient, residential, and outpatient
13 care, of the type of mental health services provided to those
14 prisoners, by major offense type.

15 (c) The number of prisoners with a primary diagnosis of mental
16 illness and receiving substance abuse services, including a
17 description and breakdown, encompassing, at a minimum, the
18 categories of inpatient, residential, and outpatient care, of the
19 type of treatment provided to those prisoners, by major offense
20 type.

21 (d) Data indicating if prisoners receiving mental health
22 services for a primary diagnosis of mental illness were previously
23 hospitalized in a state psychiatric hospital for persons with
24 mental illness, by major offense type.

25 (e) Data indicating whether prisoners with a primary diagnosis
26 of mental illness and receiving substance abuse services were
27 previously hospitalized in a state psychiatric hospital for persons

1 with mental illness.

2 (f) The cost of pharmaceuticals for prisoners with a primary
3 diagnosis of mental illness itemized by type and manufacturer.

4 (g) Quarterly and fiscal year-to-date expenditures itemized by
5 vendor, status of payments from contractors to vendors, and
6 projected year-end expenditures from accounts for substance abuse
7 treatment and mental health care.

8 (h) The number of prisoners that have had their primary
9 diagnosis of mental illness changed while in prison by a mental
10 health clinician from an earlier diagnosis received in prison or
11 while hospitalized in a state psychiatric hospital for persons with
12 mental illness, itemized by current and previous diagnosis.

13 (i) The number of prisoners with a primary diagnosis of mental
14 illness that previously had received substance abuse services,
15 including a description and breakdown, encompassing, at a minimum,
16 the categories of inpatient, residential, and outpatient care, of
17 the type of treatment provided to those prisoners.

18 Sec. 450. (1) No later than October 1, 2007, the department
19 shall implement the recommendations of the workgroup composed of
20 CMHSPs or specialty prepaid health plans and departmental staff on
21 streamlining the audit and reporting requirements for CMHSPs or
22 specialty prepaid health plans and contractors performing services
23 for CMHSPs or specialty prepaid health plans.

24 (2) No later than March 31, 2008, the department shall submit
25 a report to the house of representatives and senate appropriations
26 subcommittees on community health, the house and senate fiscal
27 agencies, and the state budget office on steps taken to implement

1 the recommendations of the workgroup and the progress of the
2 implementation of the recommendations of the workgroup.

3 Sec. 452. Unless otherwise authorized by law, the department
4 shall not implement retroactively any policy that would lead to a
5 negative financial impact on community mental health services
6 programs or prepaid inpatient health plans.

7 Sec. 458. By March 1, 2008, the department shall provide each
8 of the following to the house of representatives and senate
9 appropriations subcommittees on community health, the house and
10 senate fiscal agencies, and the state budget director:

11 (a) An updated plan for implementing recommendations of the
12 Michigan mental health commission made in the commission's report
13 dated October 15, 2004.

14 (b) A report that evaluates the cost-benefit of establishing
15 secure residential facilities of fewer than 17 beds for adults with
16 serious mental illness, modeled after such programming in Oregon
17 and other states.

18 (c) In conjunction with the state court administrator's
19 office, a report that evaluates the cost-benefit of establishing a
20 specialized mental health court program that diverts adults with
21 serious mental illness alleged to have committed an offense deemed
22 nonserious into treatment prior to the filing of any charges.

23 (d) It is the intent of the legislature to reduce the
24 departmental administration and management line by \$50,000.00 if
25 this report is not provided by the date provided in this section.

26 Sec. 459. (1) From the funds appropriated in part 1 for
27 community mental health non-Medicaid services, the department shall

1 provide \$65,000,000.00 to a CMHSP located in a county with a
2 population of more than 1,500,000.

3 (2) From the funds appropriated in part 1 for community mental
4 health non-Medicaid services, the department shall provide
5 \$35,000,000.00 to a community mental health authority created
6 pursuant to section 205 of the mental health code, 1974 PA 258, MCL
7 330.1205, and that is located in a county with a population of more
8 than 1,500,000.

9 Sec. 462. The department shall implement a funding equity plan
10 for all CMHSPs that receive funds appropriated under the community
11 mental health non-Medicaid services line. The funding plan should
12 reflect a combination of a more equitable distribution methodology
13 based on proxy measures of need and the recognition of varying
14 expenditure needs of CMHSPs. The department shall submit the
15 written equity funding plan to the senate and house subcommittees
16 on community health, the senate and house fiscal agencies, and the
17 state budget director by March 1, 2008.

18 Sec. 464. It is the intent of the legislature that revenue
19 received by the department from liquor license fees be expended at
20 not less than the amount provided in fiscal year 2006-2007, to fund
21 programs for the prevention, rehabilitation, care, and treatment of
22 alcoholics pursuant to sections 543(1) and 1115(2) of the Michigan
23 liquor control code of 1998, 1998 PA 58, MCL 436.1543 and 436.2115.

24 Sec. 467. If funds become available, the department shall
25 increase funding paid from the community substance abuse
26 prevention, education, and treatment programs line item to the
27 substance abuse coordinating agencies to the level of funding

1 provided in fiscal year 2002-2003.

2 Sec. 468. (1) To foster a more efficient administration of and
3 to integrate care in publicly funded mental health and substance
4 abuse services, the department shall recommend changes in its
5 criteria for the incorporation of a city, county, or regional
6 substance abuse coordinating agency into a local community mental
7 health authority that will encourage those city, county, or
8 regional coordinating agencies to incorporate as local community
9 mental health authorities. If necessary, the department may make
10 accommodations or adjustments in formula distribution to address
11 administrative costs related to the recommended changes to the
12 criteria made in accordance with this section and to the
13 incorporation of the additional coordinating agencies into local
14 community mental health authorities provided that all of the
15 following are satisfied:

16 (a) The department provides funding for the administrative
17 costs incurred by coordinating agencies incorporating into
18 community mental health authorities. The department shall not
19 provide more than \$75,000.00 to any coordinating agency for
20 administrative costs.

21 (b) The accommodations or adjustments do not favor
22 coordinating agencies that voluntarily elect to integrate with
23 local community mental health authorities.

24 (c) The accommodations or adjustments do not negatively affect
25 other coordinating agencies.

26 (d) The department shall provide to the senate and house
27 appropriations subcommittees on community health and the senate and

1 house fiscal agencies a comprehensive plan for the consolidation of
2 each substance abuse coordinating agency into local community
3 mental health authorities by March 1, 2008.

4 (2) It is the intent of the legislature to mandate
5 consolidation of substance abuse and mental health services under 1
6 administrative structure by January 1, 2009.

7 Sec. 471. From the funds appropriated in part 1 for
8 coordinating agencies and the Salvation Army harbor light program,
9 administrative costs for these agencies as a percentage of their
10 total expenditures shall not exceed their percentage in fiscal year
11 2004-2005 or 9%, whichever is less.

12 Sec. 478. The department shall not be liable for any costs
13 associated with the mental health court pilot project funded
14 through an interdepartmental grant provided by the judicial branch.

15 Sec. 479. (1) A PIHP, Medicaid HMO, and FQHC may establish an
16 early mental health services intervention pilot project. This
17 project shall provide care coordination as well as disease and
18 pharmacy management to eligible recipients suffering from chronic
19 disease including diabetes, asthma, substance addiction, or stroke.
20 Participating organizations may make use of data sharing, joint
21 information technology efforts, and financial incentives to health
22 providers and recipients in this program.

23 (2) The pilot project shall make use of preestablished
24 objectives and outcome measures to determine the cost effectiveness
25 of the program. Data shall also be collected by participating
26 organizations to study the correlation between early mental health
27 treatment to program participants and improvement in the management

1 of their chronic disease.

2 (3) The department shall request any necessary Medicaid state
3 plan amendments or waivers to ensure participation in this program
4 by eligible Medicaid recipients.

5 Sec. 605. (1) The department shall not implement any closures
6 or consolidations of state hospitals, centers, or agencies until
7 CMHSPs or specialty prepaid health plans have programs and services
8 in place for those individuals currently in those facilities and a
9 plan for service provision for those persons who would have been
10 admitted to those facilities.

11 (2) All closures or consolidations are dependent upon adequate
12 department-approved CMHSP plans that include a discharge and
13 aftercare plan for each individual in the facility. A discharge and
14 aftercare plan shall address the individual's housing needs. A
15 homeless shelter or similar temporary shelter arrangement is
16 inadequate to meet the individual's housing needs.

17 (3) Four months after receipt of the certification of closure
18 required in section 19(6) of the state employees' retirement act,
19 1943 PA 240, MCL 38.19, the department shall provide a closure plan
20 to the house and senate appropriations subcommittees on community
21 health and the state budget director.

22 (4) Upon the closure of state-run operations and after
23 transitional costs have been paid, the remaining balances of funds
24 appropriated for that operation shall be transferred to CMHSPs or
25 specialty prepaid health plans responsible for providing services
26 for persons previously served by the operations.

27 (5) The department shall create a contingency plan for the

1 closure for each of the adult mental health facilities, and a copy
2 of these plans shall be submitted to the senate and house
3 appropriations subcommittees on community health and senate and
4 house fiscal agencies by September 30, 2008.

5 Sec. 607. If Senate Bill No. 369 of 2007 is enacted into law,
6 the department shall provide all necessary support to state
7 hospitals to ensure that mandated changes in the operation of state
8 hospitals and centers are completed in a timely and efficient
9 manner.

10 Sec. 608. The department, with the cooperation of the
11 department of management and budget, shall establish and implement
12 a bid process to identify a single private contractor to provide
13 food service and custodial services at each of the state-operated
14 hospitals and centers by January 1, 2008.

15 Sec. 651. By April 30, 2008, the department shall submit a
16 report to the house and senate fiscal agencies and the state budget
17 director on the activities and efforts of the department to improve
18 the health status of the citizens of this state with regard to the
19 goals and objectives stated in the "Healthy Michigan 2010" report
20 and the measurable progress made toward those goals and objections.

21 Sec. 652. From the funds appropriated in part 1 for minority
22 health grants and contracts, the department shall ensure that the
23 distribution of funds are distributed in such a way to meet all of
24 the following requirements:

25 (a) One-third of the funds is allocated for projects targeting
26 communities in counties with a population of less than 100,000
27 people.

1 (b) One-third of the funds is allocated for projects targeting
2 communities in counties with a population of at least 100,000 and
3 less than 250,000 people.

4 (c) One-third of the funds is allocated for projects in
5 communities with a population of 250,000 people or more.

6 Sec. 707. (1) The funds appropriated in part 1 for the nursing
7 scholarship program established in section 16315 of the public
8 health code, 1978 PA 368, MCL 333.16315, shall be used to increase
9 the number of nurses practicing in Michigan. The board of nursing
10 is encouraged to structure scholarships funded under this act in a
11 manner that rewards recipients who intend to practice nursing in
12 Michigan. In addition, the department and board of nursing shall
13 work cooperatively with the Michigan higher education assistance
14 authority to coordinate scholarship assistance with scholarships
15 provided pursuant to the Michigan nursing scholarship act, 2002 PA
16 591, MCL 390.1181 to 390.1189.

17 (2) The department shall provide a report to the senate and
18 house appropriations subcommittees on community health and the
19 senate and house fiscal agencies on the efforts undertaken to
20 enforce the residency requirements established in section 4 of the
21 Michigan nursing scholarship act, 2002 PA 591, MCL 390.1184, and
22 the total amount repaid to the Michigan higher education assistance
23 authority for violation of these requirements.

24 Sec. 715. The department shall maintain existing contractual
25 and funding arrangements to provide testing, certification, and
26 inspection services for emergency medical service providers through
27 December 31, 2007.

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1 Sec. 716. The department shall give first priority to provider
2 complaint investigations to instances that are alleged to have
3 occurred within 2 years of the initial complaint.

4 Sec. 801. In the expenditure of funds appropriated in part 1
5 for AIDS programs, the department and its subcontractors shall
6 ensure that individuals between the age of 9 and 18 receive
7 priority for prevention, education, and outreach services.

8 Sec. 806. From the funds appropriated in part 1 for
9 immunization local agreements, <<\$100.00>> shall be allocated for the
10 purchase of childhood recommended vaccines for the underinsured
11 population ages birth through 18 years of age.

12 Sec. 902. If a county that has participated in a district
13 health department or an associated arrangement with other local
14 health departments takes action to cease to participate in such an
15 arrangement after October 1, 2007, the department shall have the
16 authority to assess a penalty from the local health department's
17 operational accounts in an amount equal to no more than 6.25% of
18 the local health department's local public health operations
19 funding. This penalty shall only be assessed to the local county
20 that requests the dissolution of the health department.

21 Sec. 904. (1) Funds appropriated in part 1 for local public
22 health operations shall be prospectively allocated to local health
23 departments to support immunizations, infectious disease control,
24 sexually transmitted disease control and prevention, hearing
25 screening, vision services, food protection, public water supply,
26 private groundwater supply, and on-site sewage management. Food
27 protection shall be provided in consultation with the Michigan

1 department of agriculture. Public water supply, private groundwater
2 supply, and on-site sewage management shall be provided in
3 consultation with the Michigan department of environmental quality.

4 (2) Local public health departments shall be held to
5 contractual standards for the services described in subsection (1).

6 (3) Distributions in subsection (1) shall be made only to
7 counties that maintain local spending in fiscal year 2006-2007 of
8 at least the amount expended in fiscal year 1992-1993 for the
9 services described in subsection (1).

10 (4) By April 1, 2008, the department shall make available upon
11 request a report to the senate and house appropriations
12 subcommittee on community health, the senate and house fiscal
13 agency, and the state budget director on the planned allocation of
14 the funds appropriated for local public health operations and the
15 results achieved through this allocation in fiscal year 2006-2007.

16 Sec. 906. The department shall reduce the allocation to each
17 local public health department through the local public health
18 operations line by 6.25% of the local public health department's
19 administrative expenditure. General fund savings realized through
20 this reduction shall be transferred to the rural health services
21 line.

22 Sec. 907. The department shall recommend changes in the
23 distribution of funds in part 1 for local public health operations
24 that would encourage consolidation of local public health
25 departments into district health departments. These recommendations
26 are to be provided to the senate and house appropriations
27 subcommittees on community health and the senate and house fiscal

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1 agencies by March 1, 2008.

2 Sec. 1030. (1) From the funds appropriated in part 1, the
3 department shall allocate an amount not to exceed \$0.00 for a
4 statewide before- or after-school program for elementary-aged
5 children. This allocation shall be distributed via grants to
6 counties based upon demonstrated need. No single county shall
7 receive any more than 20% of the total allocation, and priority for
8 distribution of this funding shall be granted to programs that have
9 secured additional governmental and nongovernmental matching funds.

10 (2) The department shall share the administrative duties of
11 operating this program with the department of human services and
12 the state board of education.

13 (3) Funding referenced in subsection (1) shall be reserved for
14 programs that use curriculum focused upon improving academic
15 performance and health behavior, including abstinence from abuse of
16 alcohol and illegal drugs.

17 Sec. 1031. (1) From the funds appropriated in part 1, <<\$100.00>>
18 shall be used to establish an incentive-based pilot program for
19 level I and level II trauma hospitals to ensure greater state
20 utilization of an interactive, evidence-based treatment guideline
21 model for traumatic brain injury.

22 (2) This pilot program shall be placed in a county with a
23 population between 175,000 and 200,000.

24 Sec. 1104. (1) Before April 1, 2008, the department shall
25 submit a report to the house and senate fiscal agencies and the
26 state budget director on planned allocations from the amounts
27 appropriated in part 1 for local MCH services, prenatal care

1 outreach and service delivery support, family planning local
2 agreements, and pregnancy prevention programs. Using applicable
3 federal definitions, the report shall include information on all of
4 the following:

5 (a) Funding allocations.

6 (b) Actual number of women, children, and adolescents served
7 and the amounts expended for each group for the fiscal year 2005-
8 2006.

9 (c) A breakdown of expenditure of these funds between urban
10 and rural communities.

11 (2) The department shall ensure that the expenditure of funds
12 through the programs described in subsection (1) is sufficient to
13 meet the needs of rural communities.

14 Sec. 1105. For all programs for which an appropriation is made
15 in part 1, the department shall contract with those local agencies
16 best able to serve clients. Factors to be used by the department in
17 evaluating agencies under this section shall include ability to
18 serve high risk population groups; ability to provide access to
19 individuals in need of services in rural communities; ability to
20 serve low-income clients, where applicable; availability of, and
21 access to, service sites; management efficiency; and ability to
22 meet federal standards, when applicable.

23 Sec. 1106a. (1) Federal abstinence money appropriate and
24 expended under part 1 for the purpose of promoting abstinence
25 education shall provide abstinence education to teenagers most
26 likely to engage in high-risk behavior as their primary focus and
27 may include programs that include 9- to 17-year-olds. Programs

1 funded shall meet all of the following guidelines:

2 (a) Teaches the gains to be realized by abstaining from sexual
3 activity.

4 (b) Teaches abstinence from sexual activity outside of
5 marriage as the expected standard for all school-aged children.

6 (c) Teaches that abstinence is the only certain way to avoid
7 out-of-wedlock pregnancy, sexually-transmitted diseases, and other
8 health problems.

9 (d) Teaches that monogamous relationship in the context of
10 marriage is the expected standard of human sexual activity.

11 (e) Teaches that sexual activity outside of marriage is likely
12 to have harmful effects.

13 (f) Teaches that bearing children outside of wedlock is likely
14 to have harmful consequences.

15 (g) Teaches young people how to avoid sexual advances and how
16 alcohol and drug use increases vulnerability to sexual advances.

17 (h) Teaches the importance of attaining self-sufficiency
18 before engaging in sexual activity.

19 (2) Coalitions, organizations, and programs that do not
20 provide contraceptives to minors and demonstrate efforts to include
21 parental involvement as a means of reducing the risk of teens
22 becoming pregnant shall be given priority in the allocations of
23 funds.

24 (3) Programs and organizations that meet the guidelines of
25 subsection (1) and criteria of subsection (2) shall have the option
26 of receiving all or part of their funds directly from the
27 department.

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1 (4) The department shall ensure that federal abstinence money
2 appropriated and expended under part 1 for abstinence education is
3 distributed in a manner that meets the needs of rural communities.

4 Sec. 1107. Of the amount appropriated and expended under part
5 1 for prenatal outreach and service delivery support, not more than
6 6.25% shall be expended for local administration, data processing,
7 and evaluation.

8 Sec. 1111. The department shall allocate no less than 93.75%
9 of the funds appropriated in part 1 for family planning local
10 agreements and the pregnancy prevention program for the direct
11 provision of family planning/pregnancy prevention services.

12 Sec. 1132. From the funds appropriated in part 1, <<\$100.00>> shall
13 be allocated for nurse family partnership program.

14 Sec. 1133. The department shall release infant mortality rate
15 data to all local public health departments 72 hours or more before
16 releasing infant mortality rate data to the public.

17 Sec. 1152. The department shall require that all Medicaid
18 children participating in the special supplemental food program for
19 women, infants, and children receive lead screening testing.

20 Sec. 1153. The department shall ensure that individuals
21 residing in rural communities have sufficient access to the
22 services offered through the WIC program.

23 Sec. 1413. The legislature affirms the commitment to locally-
24 based services. The legislature supports the role of local county
25 board of commissioners in the approval of area agency on aging
26 plans. Local counties may request to change membership in the area
27 agencies on aging if the change is to an area agency on aging that

1 is contiguous to that county pursuant to office of services to the
2 aging policies and procedures for area agency on aging designation.
3 The department shall adjust allocations to area agencies on aging
4 to account for any changes in county membership. The department
5 shall ensure annually that county boards of commissioners are aware
6 that county membership in area agencies on aging can be changed
7 subject to office of services to the aging policies and procedures
8 for area agency on aging designation. The legislature supports the
9 office of services to the aging working with others to provide
10 training to commissioners to better understand and advocate for
11 aging issues. It is the intent of the legislature to prohibit area
12 agencies on aging from providing direct services, other than access
13 services, unless the agencies receive a waiver from the commission
14 on services to the aging. The legislature's intent in this section
15 is conditioned on compliance with federal and state laws, rules,
16 and policies.

17 Sec. 1416. The legislature strongly affirms its commitment to
18 provide in-home services, resources, and assistance for the frail
19 elderly who are not being served by the Medicaid home and
20 community-based services waiver program.

21 Sec. 1417. The department shall provide to the senate and
22 house appropriations subcommittees on community health, senate and
23 house fiscal agencies, and state budget director a report by March
24 30, 2008 that contains all of the following:

25 (a) The total allocation of all public resources made to each
26 area agency on aging in the state.

27 (b) Detail on the expenditure of these funds by each area

1 agency on aging broken down by resources devoted to personnel
2 costs, the cost of constructing and maintaining structures owned
3 and operated by the agency, and provision of services to eligible
4 recipients.

5 Sec. 1418. The department shall ensure that no more than 5% of
6 funds allocated to area agencies on aging are utilized for
7 administrative functions. Area agencies on aging shall provide an
8 amount equivalent to administrative expenditure in previous years
9 over the 5% cap to care and case management services seniors
10 receiving home care.

11 Sec. 1502. Upon approval of a waiver from the federal
12 government for the Michigan first health care plan, the department
13 shall provide the senate and house of representatives
14 appropriations subcommittees on community health, the senate and
15 house fiscal agencies, and the state budget director with a report
16 detailing the process that will be utilized to determine which
17 insurance entities will be selected for participation in the
18 Michigan first health care plan. The department shall not award a
19 single-source contract to a health plan through the Michigan first
20 health care plan. The department shall contract with at least 4
21 insurance entities to provide coverage through the Michigan first
22 health care plan.

23 Sec. 1610. The department of community health shall provide an
24 administrative procedure for the review of cost report grievances
25 by medical services providers with regard to reimbursement under
26 the medical services program. Settlements of properly submitted
27 cost reports shall be paid not later than 9 months from receipt of

1 the final report.

2 Sec. 1615. Unless prohibited by federal or state law or
3 regulation, the department shall require enrolled Medicaid
4 providers to submit their billings for services electronically.

5 Sec. 1620. (1) For fee-for-service recipients who do not
6 reside in nursing homes, the pharmaceutical dispensing fee shall be
7 \$2.50 or the pharmacy's usual and customary charge, whichever is
8 less. For nursing home residents, the pharmaceutical dispensing fee
9 shall be \$2.75 or the pharmacy's usual and customary charge,
10 whichever is less.

11 (2) The department shall require a prescription drug copayment
12 for Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a
13 brand name drug, except as prohibited by federal or state law or
14 regulation.

15 (3) It is the intent of the legislature that if the department
16 realizes savings as a result of the implementation of average
17 manufacturer's price for reimbursement of multiple source generic
18 medication dispensing as imposed pursuant to the federal deficit
19 reduction act of 2005, Public Law 109-171, the savings shall be
20 returned to pharmacies in the form of an increased dispensing fee
21 for medications not to exceed \$2.00. The savings shall be
22 calculated as the difference in state expenditure between the
23 current methodology of payment, which is maximum allowable cost,
24 and the proposed new reimbursement method of average manufacturer's
25 price.

26 Sec. 1621. The department may implement prospective drug
27 utilization review and disease management systems. The prospective

1 drug utilization review and disease management systems authorized
2 by this section shall have physician oversight, shall focus on
3 patient, physician, and pharmacist education, and shall be
4 developed in consultation with the national pharmaceutical council,
5 Michigan state medical society, Michigan association of osteopathic
6 physicians, Michigan pharmacists association, Michigan health and
7 hospital association, and Michigan nurses' association.

8 Sec. 1622. The department shall expand the pharmacy quality
9 improvement program to target inappropriate prescribing of biologic
10 medications.

11 Sec. 1657. (1) Reimbursement for medical services to screen
12 and stabilize a Medicaid recipient, including stabilization of a
13 psychiatric crisis, in a hospital emergency room shall not be made
14 contingent on obtaining prior authorization from the recipient's
15 HMO. If the recipient is discharged from the emergency room, the
16 hospital shall notify the recipient's HMO within 24 hours of the
17 diagnosis and treatment received.

18 (2) If the treating hospital determines that the recipient
19 will require further medical service or hospitalization beyond the
20 point of stabilization, the hospital must receive authorization
21 from the recipient's HMO prior to admitting the recipient.

22 (3) Subsections (1) and (2) shall not be construed as a
23 requirement to alter an existing agreement between an HMO and its
24 contracting hospitals or as a requirement that an HMO must
25 reimburse for services that are not considered to be medically
26 necessary.

27 (4) Prior to contracting with an HMO for managed care services

1 that did not have a contract with the department before October 1,
2 2002, the department shall receive assurances from the office of
3 financial and insurance services that the HMO meets the net worth
4 and financial solvency requirements contained in chapter 35 of the
5 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

6 (5) The department shall provide a report to the senate and
7 house appropriations subcommittees on community health and senate
8 and house fiscal agencies examining how payment policies in the
9 current Medicaid program create financial incentives for health
10 facilities to admit recipients from the emergency room. The report
11 shall include recommendations for changes in Medicaid policy and
12 state statute that can mitigate the effect of these incentives and
13 reduce nonemergency use of emergency rooms.

14 Sec. 1662. (1) The department shall assure that an external
15 quality review of each contracting HMO is performed that results in
16 an analysis and evaluation of aggregated information on quality,
17 timeliness, and access to health care services that the HMO or its
18 contractors furnish to Medicaid beneficiaries.

19 (2) The department shall provide a copy of the analysis of the
20 Medicaid HMO annual audited employer data and information set
21 reports and the annual external quality review report to the senate
22 and house appropriations subcommittees on community health, the
23 senate and house fiscal agencies, and the state budget director,
24 within 30 days of the department's receipt of the final reports
25 from the contractors.

26 (3) The department shall work with the Michigan association of
27 health plans and the Michigan association for local public health

1 to improve service delivery and coordination in the MSS/ISS and
2 EPSDT programs. The department shall provide a report to the senate
3 and house appropriations subcommittees on community health and
4 senate and house fiscal agencies on the results of this cooperation
5 by June 25, 2008.

6 (4) The department shall assure that training and technical
7 assistance are available for EPSDT and MSS/ISS for Medicaid health
8 plans, local health departments, and MSS/ISS contractors.

9 Sec. 1682. (1) The department shall implement enforcement
10 actions as specified in the nursing facility enforcement provisions
11 of section 1919 of title XIX, 42 USC 1396r.

12 (2) From the money received as the result of noncompliance
13 with medical services certification regulations, \$1,300,000.00
14 shall be appropriated to a health care management company to
15 compile results of a survey to evaluate the quality of care and
16 level of satisfaction of nursing home residents, their families,
17 and employees. Additional penalty money, characterized as private
18 funds, received by the department shall increase authorizations and
19 allotments in the long-term care accounts.

20 (3) The department is authorized to provide civil monetary
21 penalty funds to the disability network of Michigan to be
22 distributed to the 15 centers for independent living for the
23 purpose of assisting individuals with disabilities who reside in
24 nursing homes to return to their own homes.

25 (4) Any unexpended penalty money, at the end of the year,
26 shall carry forward to the following year.

27 Sec. 1684. (1) Of the funds appropriated in part 1 for the

1 Medicaid home- and community-based services waiver program, the
2 payment rate allocated for administrative expenses for fiscal year
3 2007-2008 shall continue at the rate implemented in fiscal year
4 2005-2006 after the \$2.00 per person per day mandated reduction.

5 (2) The savings realized from continuing the reduced
6 administrative rate shall be reallocated to increase enrollment in
7 the waiver program and to provide direct services to eligible
8 program participants.

9 (3) The department shall provide a report by April 1, 2008 to
10 the house of representatives and senate appropriations
11 subcommittees on community health and the house and senate fiscal
12 agencies on the number of nursing home patients discharged who are
13 subsequently enrolled in the Medicaid home- and community-based
14 services waiver program, and the associated cost savings.

15 Sec. 1686. (1) The department shall submit a report by October
16 1, 2007 to the house and senate appropriations subcommittees on
17 community health and the house and senate fiscal agencies on the
18 progress of 4 Medicaid long-term care single point of entry
19 services pilot projects. The department shall also submit a final
20 plan to the house and senate subcommittees on community health and
21 the house and senate fiscal agencies 60 days prior to any expansion
22 of the program.

23 (2) In addition to the report required under subsection (1),
24 the department shall report all of the following to the house and
25 senate appropriations subcommittees on community health and the
26 house and senate fiscal agencies by September 30, 2008:

27 (a) The total cost of the single point of entry program.

1 (b) The total cost of each designated single point of entry.

2 (c) The total amount of Medicaid dollars saved because of the
3 program.

4 (d) The total number of emergent single point of entry cases
5 involving transfer from hospital settings to long-term care
6 settings and the average length of time for placement of those
7 cases in long-term care settings.

8 (3) It is the intent of the legislature that funding for
9 single point of entry for long-term care end on September 30, 2008

10 (4) Funds appropriated for the financing of the Medicaid long-
11 term care single point of entry services pilot projects are
12 contingent upon legislative receipt of the report required in
13 subsection (1).

14 (5) As used in this section, "single point of entry" means a
15 system that enables consumers to access Medicaid long-term care
16 services and supports through 1 agency or organization and that
17 promotes consumer education and choice of long-term care options.

18 Sec. 1687. (1) From the funds appropriated in part 1 for long-
19 term care services, the department shall contract with a stand-
20 alone psychiatric facility that provides at least 20% of its total
21 care to Medicaid recipients to provide access to Medicaid
22 recipients who require specialized Alzheimer's disease or dementia
23 care.

24 (2) The department shall report to the senate and house
25 appropriations subcommittees on community health and the senate and
26 house fiscal agencies on the effectiveness of the contract required
27 under subsection (1) to improve the quality of services to Medicaid

1 recipients.

2 Sec. 1689. (1) Priority in enrolling additional persons in the
3 Medicaid home and community-based services waiver program shall be
4 given to those who are currently residing in nursing homes or who
5 are eligible to be admitted to a nursing home if they are not
6 provided home and community-based services. The department shall
7 implement screening and assessment procedures to assure that no
8 additional Medicaid-eligible persons are admitted to nursing homes
9 who would be more appropriately served by the Medicaid home and
10 community-based services waiver program. If there is a net decrease
11 in the number of Medicaid nursing home days of care during the most
12 recent quarter in comparison with the previous quarter and a net
13 cost savings attributable to moving individuals from a nursing home
14 to the home and community-based services waiver program, the
15 department shall transfer the net cost savings to the home and
16 community-based services waiver program. If a transfer is required,
17 it shall be done on a quarterly basis.

18 (2) Within 30 days of the end of each fiscal quarter, the
19 department shall provide a report to the senate and house
20 appropriations subcommittees on community health and the senate and
21 house fiscal agencies that details existing and future allocations
22 for the home and community-based services waiver program by regions
23 as well as the associated expenditures. The report shall include
24 information regarding the net cost savings from moving individuals
25 from a nursing home to the home and community-based services waiver
26 program, the number of individuals transitioned from nursing homes
27 to the home and community-based services waiver program, the number

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1 of individuals on waiting lists by region for the program, the
2 long-term care support services, including food stamps, housing
3 subsidies and meals on wheels that individuals on waiting lists are
4 currently receiving, the number of individuals on waiting lists who
5 are currently enrolled in Medicaid, and the amount of funds
6 transferred.

7 (3) The department shall devote an additional <<\$100.00>>
8 gross/<<\$100.00>> general fund to serve additional individuals through
9 the home and community-based services waiver program. These funds
10 shall be used to provide services to individuals who are currently
11 residing in nursing homes for 6 months or longer. The department
12 shall alter increase average reimbursement for waiver services to
13 individuals served in this expansion to \$80.00 per day.

14 Sec. 1690. The department shall adjust administrative
15 reimbursement to nursing homes for Medicaid services to achieve a
16 <<\$100.00>> reduction in state general fund general purpose expenditure.

17 Sec. 1691. The funding increase provided in fiscal year 2006-
18 2007 for the adult home help program shall be passed through to
19 adult home help workers subject to the following conditions:

20 (a) Adult home help workers providing care under the adult
21 home help program shall receive a wage of at least \$7.25 per hour
22 in all counties, effective October 1, 2007 until June 30, 2008.
23 Adult home help workers providing care under the adult home help
24 program shall receive a wage of at least \$7.50 per hour in all
25 counties effective July 1, 2008.

26 (b) The department, in conjunction with the department of
27 human services, shall revise any policies, rules, procedures, or

1 regulations that may be an administrative barrier to the
2 implementation of the wage adjustments described in this section.

3 Sec. 1695. (1) The department shall establish a workgroup to
4 design and implement changes in Medicaid reimbursement to nursing
5 facilities that account for case mix by October 1, 2008. The
6 workgroup will include representatives from the department, the
7 health care association of Michigan, the Michigan county medical
8 care facility council, and the Michigan association of homes and
9 services for the aging.

10 (2) The department shall provide updates on the progress of
11 the workgroup quarterly to the senate and house appropriations
12 subcommittees on community health and to the senate and house
13 fiscal agencies.

14 Sec. 1710. Any proposed changes by the department to the
15 MIChoice home and community-based services waiver program screening
16 process shall be provided to the members of the house and senate
17 appropriations subcommittees on community health 60 days prior to
18 implementation of the proposed changes.

19 Sec. 1713. (1) The department, in conjunction with the
20 Michigan dental association, shall undertake a study to determine
21 the level of participation by Michigan licensed dentists in the
22 state's Medicaid program. The study shall identify the distribution
23 of dentists throughout the state, the volume of Medicaid recipients
24 served by each participating dentist, and areas in the state
25 underserved for dental services.

26 (2) The study described in subsection (1) shall also include
27 an assessment of what factors may be related to the apparent low

1 participation by dentists in the Medicaid program, and the study
2 shall make recommendations as to how these barriers to
3 participation may be reduced or eliminated.

4 (3) This study shall be provided to the senate and house
5 appropriations subcommittees on community health and the senate and
6 house fiscal agencies no later than April 1, 2008.

7 Sec. 1717. (1) The department shall create 2 pools for
8 distribution of disproportionate share hospital funding. The first
9 pool, totaling \$45,000,00.00, shall be distributed using the
10 distribution methodology used in fiscal year 2003-2004. The second
11 pool, totaling \$5,000,000.00, shall be distributed to nonpublic
12 unaffiliated hospitals and hospital systems that received less than
13 \$900,000.00 in disproportionate share hospital payments in fiscal
14 year 2003-2004 based on a formula that is weighted proportional to
15 the product of each eligible system's Medicaid revenue and each
16 eligible system's Medicaid utilization, except that no payment of
17 less than \$1,000 shall be made.

18 (2) By September 30, 2008, the department shall report to the
19 senate and house appropriations subcommittee on community health
20 and the senate and house fiscal agencies on the new distribution of
21 funding to each eligible hospital from the 2 pools.

22 Sec. 1720. The department shall continue its Medicare recovery
23 program.

24 Sec. 1724. The department shall allow licensed pharmacies to
25 purchase injectable drugs for the treatment of respiratory
26 syncytial virus for shipment to physicians' offices to be
27 administered to specific patients. If the affected patients are

1 Medicaid eligible, the department shall reimburse pharmacies for
2 the dispensing of the injectable drugs and reimburse physicians for
3 the administration of the injectable drugs.

4 Sec. 1725. The department shall continue to work with the
5 department of human services to reduce Medicaid eligibility errors
6 related to basic eligibility requirements and income requirements.
7 The department shall provide a report to the senate and house
8 appropriations subcommittees on community health and senate and
9 house fiscal agencies by March 1, 2008 on the results of this
10 effort.

11 Sec. 1731. (1) Subject to subsection (2), the department shall
12 continue an asset test to determine Medicaid eligibility for
13 individuals who are parents, caretaker relatives, or individuals
14 between the ages of 18 and 21 and who are not required to be
15 covered under federal Medicaid requirements.

16 (2) Regardless of the results of the asset test established
17 under subsection (1), an individual who is between the ages of 18
18 and 21 and is not required to be covered under the federal Medicaid
19 requirements is not eligible for the state Medicaid program if his
20 or her parent, parents, or legal guardian has health care coverage
21 for him or her or has access to health care coverage for him or
22 her.

23 Sec. 1732. The department shall assure that, if proposed
24 modifications to the quality assurance assessment program for
25 nursing homes are not implemented, the projected general
26 fund/general purpose savings shall not be achieved through
27 reductions in nursing home reimbursement rates.

1 Sec. 1733. The department shall seek additional federal funds
2 to permit the state to provide financial support for electronic
3 prescribing and other health information technology initiatives.

4 Sec. 1734. The department shall seek federal funds that will
5 permit the state to provide financial incentives for positive
6 health behavior practiced by Medicaid recipients. The structure of
7 this incentive program may be similar to programs in other states
8 that authorize monetary rewards to be deposited in individual
9 accounts for Medicaid recipients who demonstrate positive changes
10 in health behavior.

11 Sec. 1738. The department shall explore ways to increase the
12 federal disproportionate share hospital cap. The department shall
13 provide a report to the senate and house appropriations
14 subcommittees on community health and senate and house fiscal
15 agencies by March 1, 2008 on the results of this effort.

16 Sec. 1739. (1) The department shall continue to establish
17 medical outcome targets for the 10 most prevalent and costly
18 ailments affecting Medicaid recipients. The department may use
19 indicators that recipients are successfully managing chronic
20 disease, measures of recipient compliance with treatment plans, and
21 studies of the proportion of Medicaid providers who follow
22 established best practices in treating chronic disease as possible
23 medical outcome target measures. The department shall make bonus
24 payments, independent of HMO rate adjustments utilized in fiscal
25 year 2005-2006, available to Medicaid HMOs that meet these outcome
26 targets.

27 (2) The department shall provide a report to the senate and

1 house appropriations subcommittees on community health and senate
2 and house fiscal agencies by March 1, 2008 on the results of this
3 effort.

4 Sec. 1747. In order to be reimbursed for adult home help
5 services provided to Medicaid recipients, the matching of adult
6 home help providers with service recipients shall be coordinated by
7 the local county department of human services.

8 Sec. 1751. The department shall provide a report by April 1,
9 2008 to the house and senate appropriations subcommittees on
10 community health and the house and senate fiscal agencies on
11 establishing Medicaid diagnosis related group rates based upon fee-
12 for-service and health plan costs. It is the intent of the
13 legislature to reduce the departmental administration and
14 management line by \$50,000.00 if this report is not provided by the
15 date required in this section.

16 Sec. 1753. The department shall take steps to obtain data from
17 auto insurers on insurance payouts for health care claims. If the
18 auto insurers do not voluntarily release the information upon
19 request, the department shall propose legislation to require those
20 insurers to disclose that information upon request. The department
21 shall provide the information received under this section to
22 Medicaid health plans. The department shall provide a report to the
23 senate and house appropriations subcommittees on community health
24 and senate and house fiscal agencies by March 1, 2008 on the
25 results of this effort.

26 Sec. 1756. Not later than March 1, 2008, the department shall
27 establish and implement a specialized case and care management

1 program to serve the most costly Medicaid beneficiaries who are not
2 enrolled in a health plan and are noncompliant with medical
3 management, including persons with chronic diseases and mental
4 health diagnoses, high prescription drug utilizers, members
5 demonstrating noncompliance with previous medical management, and
6 neonates. The case and care management program shall, at a minimum,
7 provide a performance payment incentive for physicians who manage
8 the recipient's care and health costs in the most effective way.
9 The department may also develop additional contractual arrangements
10 with 1 or more Medicaid HMOs for the provision of specialized case
11 management services. Contracts with Medicaid HMOs may include
12 provisions requiring collection of data related to Medicaid
13 recipient compliance. Measures of patient compliance may include
14 the proportion of clients who fill their prescriptions, the rate of
15 clients who do not show for scheduled medical appointments, and the
16 proportion of clients who use their medication.

17 Sec. 1757. The department shall direct the department of human
18 services to obtain proof from all Medicaid recipients that they are
19 legal United States citizens or otherwise legally residing in this
20 country before approving Medicaid eligibility.

21 Sec. 1758. The department shall submit a report on the number
22 of individuals who receive the emergency services only Medicaid
23 benefit and the annual amount of Medicaid expenditures for this
24 population to the house and senate appropriations subcommittees on
25 community health and the house and senate fiscal agencies by April
26 1, 2008. It is the intent of the legislature to reduce the
27 departmental administration and management line by \$50,000.00 if

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1 this report is not provided by the date provided in this section.

2 Sec. 1761. (1) The department shall distribute all funds
3 recovered by the medical services administration from prior and
4 future Medicaid access to care initiative payments exceeding the
5 hospital upper payment limit for inpatient and outpatient services
6 to a hospital that meets any of the following characteristics:

7 (a) Is located in a rural county as determined by the most
8 recent United States census or is located in a city or a village or
9 township with a population of not more than 12,000 in a county with
10 a population with not more than 70,000 as of the official federal
11 2000 decennial census.

12 (b) Is a Medicare sole community hospital.

13 (c) Is a Medicare dependent hospital and rural referral center
14 hospital.

15 (2) The distribution under subsection (1) shall be based upon
16 each hospital's Medicaid fee-for-service and HMO payments as
17 developed in consultation with rural hospitals and the Michigan
18 health and hospital association.

19 <<Sec. 1763. In order to reduce healthcare costs, the department
20 shall adopt an interoperable hub that provides secure aggregation and
21 access to medication history data through the use of an existing,
22 outsourced health information exchange infrastructure. The infrastructure
23 will provide cross domain single sign-on allowing for realtime, data
aggregation across disparate organizations and system. Funds appropriated
in part 1 will be used to fund a risk adverse, budget-neutral 10-month
production pilot in Southeast Michigan with a Michigan-based service
provider.>>

24 Sec. 1764. The department will annually certify rates paid to
25 Medicaid health plans as being actuarially sound in accordance with
26 federal requirements and will provide a copy of the rate
27 certification and approval immediately to the house of

1 representatives and senate appropriations subcommittees on
2 community health and the house and senate fiscal agencies.

3 Sec. 1770. The department shall evaluate the likely impact of
4 modifying the structure of the state's Medicaid program to link
5 payment for health services to a priority list established by an
6 independent commission. This study shall be submitted to the senate
7 and house appropriations subcommittees and the senate and house
8 fiscal agencies by March 1, 2008.

9 Sec. 1771. The department shall only make disproportionate
10 share hospital payments available to health facilities that
11 participate in data sharing or outcome measurement programs.

12 Sec. 1773. The department shall establish and implement a bid
13 process to identify a single private contractor to provide Medicaid
14 covered nonemergency transportation services in each county with a
15 population over 500,000 individuals.

16 Sec. 1774. The department shall provide the senate and house
17 appropriations subcommittees on community health and the senate and
18 house fiscal agencies by March 1, 2008 a report that details all of
19 the following:

20 (a) Expenditure of money follows the person funds to date.

21 (b) Estimated general fund savings generated through use of
22 money follows the person.

23 (c) Total number of individuals receiving services through the
24 money follows the person grant.

25 Sec. 1775. (1) The department shall study the feasibility of
26 using managed care organizations to deliver Medicaid long-term care
27 services. The study shall focus upon the following:

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1 (a) If there are a sufficient number of managed care
2 organizations interested in providing these services.

3 (b) The extent of services provided through Medicaid managed
4 long-term care.

5 (c) Estimated changes in Medicaid long-term care expenditure
6 associated with implementing managed care for these services.

7 (2) The department shall report the results of this study to
8 the senate and house appropriations subcommittees on community
9 health and the senate and house fiscal agencies by June 1, 2008.

10 <<Sec. 1776. If the department continues to utilize the Medicare
11 outpatient prospective payment system methodology to reimburse hospitals
12 for Medicaid clients seen in the outpatient setting including the
13 emergency room, then the Medicaid reduction factor utilized by the
14 department to compute the amount of payment made by Medicaid health plans
15 to hospitals must be revenue neutral and actuarially sound.

16 >>

17 Sec. 1777. From the funds appropriated in part 1 for long-term
18 care services, the department shall permit nursing homes to use a
19 dining assistant to feed residents who need assistance or
20 encouragement with eating but do not have complicated feeding
21 problems including, but not limited to, difficulty swallowing,
22 recurring lung aspirations, tube or parenteral feedings, or
23 behavioral issues that may compromise nutritional intake.

24 Sec. 1779. The department shall explore methods to identify
25 Medicaid fee-for-service recipients who could benefit from use of
26 complex case management, chronic disease management, and transition
27 management techniques in the management of their medical care.

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1 Sec. 1780. From the funds appropriated in part 1 for health
2 plan services, the department shall devote <<\$100.00>> gross/<<\$100.00>>
3 general fund general purpose to provide a 4% increase in Medicaid
4 reimbursement to physicians for primary care services.

5 Sec. 1781. The department may conduct a pilot project to
6 demonstrate improvements in the efficiency and effectiveness of the
7 plan first program, long-term care programs, and other programs as
8 identified by the department. In conducting the pilot project, the
9 department shall consult with other affected programs and agencies.
10 In conducting the pilot, the department or its designee shall have
11 direct access to the department of human services eligibility,
12 budget, and registration systems for purposes of initial
13 processing, including taking applications, assisting applicants in
14 completing the application, providing information and referrals,
15 obtaining required documentation to complete processing of the
16 application, and assuring the information contained on the
17 application form is complete. To the extent practical and
18 desirable, trusted third-party data sources may be accessed to
19 verify income and asset information during the financial
20 eligibility determination process. The department shall issue a
21 report to the legislature summarizing the results of the pilot
22 project and recommendations for the future.

23 Sec. 1782. Medicaid coverage for adult dental services shall
24 include scaling and root planing at not less than the level in
25 effect on October 1, 2002.